

MARK D. WALDRON
Chapter 11 Trustee
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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF WASHINGTON

In Re:)	Case No. 18-03197-FPC11
GIGA WATT INC., a Washington)	
corporation,)	The Honorable Frederick P. Corbit
)	
Debtor.)	CHAPTER 11 TRUSTEE'S RESPONSE
)	TO UNITED STATES TRUSTEE'S
)	MOTION TO CONVERT

COMES NOW MARK D. WALDRON, in his official capacity as the Chapter 11 Trustee (hereinafter referred to as "Trustee"), and responds to the United States Trustee's Motion to Convert (Docket No. 659) as follows:

As the Court recalls, when I was initially appointed, this failed endeavor had four facilities, none of which were operating, and less than \$1,000.00 in its bank account. Two of the facilities have never been operated by the Trustee, one (at Pangborn) has never had power and the other was inadequate as a crypto-mining facility (at Rock Island). The other two facilities, TNT in East Wenatchee and Randolph Road in Moses Lake, were re-

1 started and ran until TNT was sold and changes in power rates and crypto-mining rewards
2 rendered Moses Lake economically infeasible as a mining facility.

3 There are more than \$100 million in claims filed in this case, as well as both
4 asserted and unasserted administrative claims, the majority of which have not been
5 resolved. In my estimation, these administrative claims, if even partially allowed, produce
6 administrative insolvency in this case.

7 As indicated in the motion of the United States Trustee (hereinafter referred to as
8 "UST"), all operations have ceased and I am in the process of selling the remaining
9 assets. A sale of the condominium is pending Court approval, with the hearing scheduled
10 for September 22, 2020 (Docket No. 678). A sale of the remaining equipment located at
11 the Moses Lake Facility has also been negotiated, memorialized in a written agreement,
12 and I am preparing to seek Court approval for that sale.

13 In addition, I have negotiated a settlement of a disputed administrative claim with
14 Allrise IP Holding, Inc. related to a purchase and sale agreement and sublease (Docket
15 No. 685), and a hearing on that matter is scheduled for September 29, 2020. I have also
16 negotiated a settlement with the Moses Lake landlord and EcoDiversified Holdings, Inc.
17 related to lease and sublease agreements at the Moses Lake facility, which settlement
18 and motion to approve is being finalized at this time.

19 With regard to the potential litigation claims, Beveridge and Diamond P.C., the
20 Court-approved special counsel, is continuing its investigation and formal discovery
21 regarding the Interconnection and Services Agreement between Douglas County PUD
22 and Giga Watt. However, it is premature to know if this claim will bring benefit to this
23 bankruptcy estate.
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1 In addition, I have continued the investigation and discovery related to the Initial
2 Coin Offering (ICO) and the release of funds from escrow. It should be noted that if such
3 viable claims exist, the watt token claimants likely hold independent causes of action,
4 separate and apart from the bankruptcy estate. The bankruptcy estate's claims, if any
5 exist, are likely limited in scope and amount.

6 As Trustee, I have been diligently working to streamline this case, particularly in
7 light of its likely administrative insolvency and now conversion to Chapter 7. While it is
8 possible to debate the insolvency, as we view the case at this moment in time, it appears
9 conversion to a Chapter 7 proceeding would reduce administrative costs and streamline
10 the balance of the proceedings. Therefore, as Chapter 11 Trustee, I support the UST's
11 motion to convert this matter.
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13 **DATED** this 14th day of September, 2020.

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16 /s/ MARK D. WALDRON
17 MARK D. WALDRON, WSBA#9578
18 Chapter 11 Trustee
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